

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1502 – HB 2426

April 25, 2018

SUMMARY OF ORIGINAL BILL: Requires driver's education courses to include an area of instruction regarding the effects on driving abilities while talking or texting on a mobile phone.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENTS (016771, 017877, 017925):

Amendment 016771 deletes all language after the enacting clause. Decreases from \$100,000,000 to \$85,000,000 the required balance for the General Shortfall Reserve Subaccount (Subaccount). Eliminates the additional \$10,000,000 that must be held in the Subaccount.

Amendment 017877 requires the Office of Research and Education Accountability (OREA) to conduct a full review of the Tennessee Value-Added Assessment System (TVAAS) and report its findings to the General Assembly no later than March 1, 2019.

Amendment 017925 requires student growth evaluation composites generated by assessments administered in the 2017-2018 school year to be excluded from the student growth measure if such exclusion results in a higher evaluation score for the teacher or principal for school years 2018-19 through 2019-20. Increases the qualitative portion of the evaluation to account for any necessary reduction to the student growth measure.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

Increase State Expenditures – Exceeds \$150,000/FY17-18

Other Fiscal Impact - Passage of this legislation would result in a mandatory increase in local government expenditures. The extent and timing of any mandatory local impacts cannot be determined for they are dependent upon future unknown events.*

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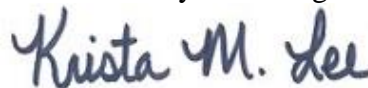
Assumptions for the bill as amended:

- This legislation lowers the required amount to be held in the in the General Shortfall Reserve Subaccount of the Lottery for Education Account from \$100,000,000 to \$85,000,000, and eliminates the additional requirement to maintain an additional \$10,000,000 in the account above the \$100,000,000 threshold.
- This will result in a transfer of these funds to the Tennessee Promise Scholarship Special Reserve Account. Therefore, the recurring increase in state revenue to Tennessee Promise Scholarship Special Reserve Account is estimated to be \$25,000,000; and a corresponding recurring decrease in state revenue to the General Shortfall Reserve Subaccount is estimated to be \$25,000,000.
- Decreasing the size of the General Shortfall Reserve Subaccount could mean less funding, in a shortfall year, for early postsecondary opportunities for high school students such as dual enrollment; however, the extent of any reduction in available funding cannot be determined.
- No significant increase in OREA expenditures to conduct the study. Any increase can be accommodated within existing resources.
- Based on information from the Department of Education, there will be an increase in state expenditures of at least \$150,000 to generate multiple different score possibilities not currently covered in the state's contract for FY17-18 through FY19-20.
- Excluding assessment data will increase some educators' evaluation scores.
- Evaluation scores as well as individual and school-wide TVAAS data are used in varying ways in the differentiated pay plans for various LEAs.
- Excluding assessment data from educator evaluations for whom the data would not help the educator's score will result in a net increase in local government expenditures to varying degrees depending on the extent to which the increased evaluation scores will affect LEA differentiated pay plans; due to unknown factors, the increase in local expenditures cannot reasonably be determined; however, any such impact is considered a mandatory impact.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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